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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR THE DOMINICAN REPUBLIC

Programme period	Resources	US$
1992-1996	Net IPF	13 300 000
	Estimated cost-sharing	36 056 000
	Total	49 356 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Following a period of strong economic growth during which the gross domestic product (GDP) continued to grow at a steady 6.5 per cent from the mid-sixties to the late seventies, the economic situation in the Dominican Republic experienced an abrupt decline. Between 1982 and 1990, per capita GDP dropped from $1,330 to $700, the unemployment rate rose from 18 to 23 per cent and the external debt soared from 30 to 60 per cent of GDP. The import substitution model having run its course, the production machinery of the country could no longer resist the pressures of international competition. Only a dynamic tourism sector, the remittances of Dominicans abroad and the activity of the free industrial areas prevented economic disaster.

2. Two conventional stabilization programmes put in place during the first half of the previous decade (1983-1985) failed, for different reasons, to remedy the situation. In 1987, the country embarked on an economic recovery programme that yielded an 8 per cent growth in the economy in that year. However, it soon fizzled out, inflationary pressures became more acute (the cumulative inflation rate reached 101 per cent in 1990), foreign exchange reserves were being depleted (i.e. in August 1989, there was only $69.0 million in foreign exchange (less than two weeks' payment of imports) in the Treasury) and the real growth of the GDP dropped to 4.1 per cent in 1989 and to a negative rate of 5.1 per cent in 1990.

3. The economic decline aggravated the precarious social development situation (in the UNDP report on human development, the Dominican Republic ranks eightieth among 160 countries) and increased environmental damage. The 25 per cent cut in the real minimum wage between 1980 and 1990 went far towards increasing the number of people living below the poverty line. By the end of the decade, one quarter of Dominican families were living below that line and one fifth of the children were suffering from malnutrition. Some 30 to 40 per cent of the population were without health services, drinking water, basic sanitation and housing. Although 90 per cent of school-age children were attending primary school in 1989, the quality of education - with few exceptions - is not good enough to prepare young people for viable jobs, provide vocational training, qualify them for higher education and broaden their participation in the democratic life of the country.

4. The persistent macroeconomic imbalances, the erosion of the quality of life, the loss of productive capacity - which prevents it from coping with world change - and the State's inability to function effectively led the Government to adopt initiatives with drastic impact on people's lives. Soon after the beginning of the new constitutional period in August 1990, the Government announced a dramatic change in economic and social policy, launched a stabilization programme that brought about a sharp decline in the annual inflation rate in its first year (4 per cent in 1991), inaugurated an improved public sector management programme and initiated a structural reform process

which established the basis for sustainable development. To offset the costs of the structural adjustment, the Government designed a short-term programme aimed at reactivating the economy and adopted measures to protect the most vulnerable groups of the population.

B. National development objectives and strategies

5. At the end of the 1980s, the country was confronting two interrelated challenges of a short- and long-term nature. To meet those challenges, the Government instituted a number of economic and social reforms designed to alleviate the situation and lay the foundation for a longer-term strategic programme that would put it back on the track of national development.

6. The first series of reforms relates to aspects of socio-economic policy in which the public sector must take the initiative. To restore the macroeconomic balances and promote private sector development, the Government has decided (a) to stabilize the economy by means of monetary and fiscal measures; (b) to implement a number of structural reforms affecting customs, the tax code, the system of finances, the labour code and the civil service and public administration; (c) to negotiate a stand-by agreement with the International Monetary Fund (IMF); (d) to initiate negotiations with the Paris Club and private banks with a view to reducing the external debt; (e) to establish a Social Compensation Fund to mitigate the effects of the structural adjustment; (f) to raise the level of primary education; (g) to put together an industrial restructuring programme; and (h) to work out a medium- and long-term strategy to consolidate those changes.

7. The medium- and long-term challenges cannot be met without a commitment on the part of the Dominican people to modernize the structure of production to permit the country's re-entry into world markets, to modernize national institutions, and above all, to build a more participatory society aimed at improving the quality of life. In that context, the Government puts forward the following strategic objectives:

(a) To improve and modernize public policy management in order to sustain the stabilization process and intensify revitalization, correcting the structural defects that impeded sustained growth and aborted the traditional adjustment programmes. That requires the implementation and intensification of defined policies and the reorganization and decentralization of the public administration, reducing its size, simplifying procedures, upgrading its professionalism and focusing on priority areas.

(b) To assign an active and leading role to the private sector in the development process. In order to make the transition from an inefficient and protected system of production to a more open and economically competitive system, existing manufacturing and agricultural capacity will have to be reoriented so as to reduce costs and improve the quality of goods and services. To achieve that end, the initiative and commitment of the private sector (employers and workers) play a paramount role as catalysts of a more

dynamic public policy. Those transformations will help the Dominican Republic compete in the European Community (EEC) and United States markets through the mechanisms of the Lomé Convention and the Caribbean Basin Initiative.

(c) To speed up the human development process, the Government envisages two types of complementary measures: on the social level, with priority given to education, health, nutrition and basic sanitation, it proposes to increase social spending with emphasis on improving resource management and giving preference to the most vulnerable population groups. The second group of measures is directed towards a more radical reorganization of society, increased participation in its social and political life and modernization of the judicial system as well as electoral reform.

(d) To apply the society/nature theorem to the sustainable development of natural resources. The recently elaborated objectives and strategies call for (i) merging the various institutional components of environmental management, highlighting the interdependence of the development/conservation paradigm, stressing prevention over remedial action and attributing environmental deterioration to polluting agents; (ii) an intersectoral national strategy based on a systematic survey of land resources with a view to determining to what degree the environment can support the transformation of the system of production and the institutional development; and (iii) a financial strategy which will direct the flow of resources towards achievement of those objectives.

II. EXTERNAL COOPERATION

A. Role of external cooperation

8. Once external debt payment difficulties are resolved, it is to be hoped that the level of external cooperation will be restored to the figures attained prior to the crisis, but government policy with regard to the external debt continues to be cautious. International cooperation totalled $194.0 million in 1990, of which $114.5 million represented loans disbursed and non-reimbursable funds amounted to $79.5 million, $13.0 million of which went to private enterprises. The four sectors receiving the most international assistance were energy (25 per cent), agriculture (24 per cent), natural resources (10 per cent) and regional development (7 per cent).

9. Of total assistance provided in 1990, 51.5 per cent came from multilateral cooperation and 47.1 per cent from bilateral partners while the remainder (1.4 per cent) came from non-governmental organizations. United Nations system participation amounted to $46.4 million (23.9 per cent of the total), 85.3 per cent in reimbursable loans channelled to the Government through the World Bank (IBRD) and the International Fund for Agricultural Development (IFAD). UNDP activities were focused on three areas: economic management and international trade, agriculture and forestry and natural resources, which made up almost 50 per cent of United Nations non-reimbursable technical cooperation.

10. External cooperation priorities for the next cycle cover the following areas: (a) energy, where sizeable investments are needed to cope with recurrent crises in the electric power system; (b) the government machinery, where the reform process must be bolstered and consolidated; (c) human development and the environment, where a vigorous campaign of expansion must be initiated; and (d) the productive sectors, particularly industry and agriculture, where funds must be found to promote their transformation. In all those areas, especially the last three, technical cooperation must go hand in hand with financial assistance to ensure the efficient utilization of available resources and keep the external debt within bounds. In that connection, investments in the energy sector consist primarily of the capital required for building infrastructure and the distribution network.

B. Aid coordination arrangements

11. The Technical Secretariat in the Office of the President, through its National Planning Office (ONAPLAN) coordinates external cooperation and adapts it to the country's national and sector development strategies. The Ministry of Foreign Affairs takes an active part in managing technical cooperation in its foreign policy aspects and a new Office of the Coordinator of Cooperation with the EEC was set up within the framework of the Lomé Agreement to administer and coordinate the funds emanating from that source.

12. The office of the UNDP Resident Representative, as Coordinator of the operational activities of the United Nations system, maintains a continuous dialogue with those officials as well as with other government bodies and bilateral and multilateral development partners. As a result, the Government can look forward to an effective programming approach to the implementation of a large part of external cooperation.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

13. The characteristics of the fourth country programme underwent changes as it proceeded in response to emerging needs and the alterations of its economic, social and political context. The mid-term review showed that while it was still valid, it had become imperative to concentrate activities in coping with the country's economic troubles.

14. At the end of 1989 and at the Government's request, UNDP had undertaken preparatory studies for a programme of structural and institutional changes designed to stabilize the economy and create a climate conducive to the development of growth-oriented activities. Those studies led to policy decisions which in turn resulted in a wide-ranging and intensive process of economic and social reform when the new constitutional period began.

15. In that context, tariff regulations were radically reformed. Decree 339/30 substantially reduced the levels and distribution of tariffs (levels ranging from 0 to 200 per cent were combined to form seven levels that will range between 5 and 35 per cent over three years), a unified exchange rate was used in pricing imports and the nomenclature of the standardized classification system was introduced. Again, with UNDP cooperation, a computerized system of tariff liquidation was put in place simplifying customs operations and making them more flexible. Despite lowering of tariffs, the effect of introducing a unified exchange rate, cutting exemptions and making administrative improvements was to increase tariff revenue by about 50 per cent in current dollars.

16. The tax code (tax on income, tax on transfers of industrial property and tax on consumption) based on UNDP recommendations has been submitted to the Congress. The proposed tax reforms are intended to raise the tax level from 10.4 per cent to 15.0 per cent of the GDP in the next three years, to reduce the tax burden on the less advantaged classes and to establish an efficient tax administration.

17. Reform of the financial system is another task recently undertaken by the Central Bank with the cooperation of UNDP and the World Bank. This process, which is expected to take three years, implies restructuring the role of the Monetary Authority and the Central Bank, stronger supervision of banking operations, reforming the structure of the financial sector and its risk criteria and defining banking offences.

18. Through its Department of the Budget, the Government is working to formulate budget policy, prepare the 1992 budget and improve its management and accounting system. These activities are aimed at rationalizing public expenditure, reviewing the resource allocation process and reducing the consolidated public sector deficit.

19. Supported by those activities, the Government prepared for its negotiations with IMF. In June 1991 a structural adjustment and IMF stand-by loan were agreed upon, enabling the Dominican Republic to rejoin the international financial community and in November 1991 the terms for the renegotiation of the external debt were agreed upon with the Paris Club.

20. The fourth country programme also dealt with the human development theme. In the area of primary education, UNDP/World Bank cooperated in formulating a programme of investments to be financed by the World Bank in the amount of $15.0 million and by the Inter-American Development Bank (IDB) in the amount of $29.3 million as soon as the Dominican Congress approves the loan contracts. Those funds will provide the seed money for the execution of the UNDP-assisted Ten-Year Education Plan, as a follow-up to the World Declaration on Education for All.

21. A social programme is under preparation with the cooperation of other United Nations agencies simultaneously with a campaign to mobilize funding from multilateral entities (Social Compensation Fund) with the aim of relieving the distressing conditions of the most depressed population groups.

22. Dairy development in the eastern region (PRODELESTE) has proved to be an innovative experiment with very promising prospects of improving productivity. It involved the public and private sectors working together, with the latter represented by ranchers' associations, agro-industry people and agricultural inputs suppliers. In its second year of operation, the project covered over 2,300 ranchers and milk output on those ranches increased by 23.1 per cent over 1989. It demonstrates the potential impact of joint preparation, execution and financing of technical assistance.

23. An industrial restructuring programme is being designed to increase the competitiveness of Dominican industry on the world market. It focuses on priority branches of industry (textiles, leather and shoes, agro-industries, packaging and furniture) and calls for policy measures across the board (technological management, industrial organization, export promotion, human resources training, industrial design) and within industries (manufacturing processes, new products, quality control, financing).

24. In a conflict between the Dominican Government and a large transnational mining company, UNDP helped to smooth over differences and to renegotiate the contract. In four short months, as a result of the efficient handling of the situation by the Government negotiating team with the advice of UNDP/Department of Technical Cooperation for Development (DTCD), a new contract satisfactory to both parties was signed in accordance with international practice. As a result of those negotiations, the Dominican Republic earned $311 million more in the 30 months that followed.

25. The success of that intervention led the Government to request cooperation in negotiating an exploration contract (requiring a $12.4 million investment) with a recognized international oil company, which is now in effect. UNDP is assisting the Government in the negotiation of other international contracts.

26. UNDP cooperation was distinguished by its pragmatic approach, its policy and sectoral neutrality and the speed with which it responded during project execution. Those were key factors in the successful results achieved, including the implementation of the significant series of reforms described above.

B. Proposals for UNDP cooperation

1. Preparatory process

27. UNDP has maintained a continuous dialogue with the government authorities at the highest level and holds formal and informal consultations periodically with the various national development entities. In addition to the medium-term review, other evaluations were made so that the course of technical cooperation activities could be redirected from time to time. Consequently, the proposals for the fifth cycle reflect the national development strategy designed by the Government.

28. This document is based on the UNDP advisory note. The programming exercise was supported by the studies made and the consultative mechanism mentioned above. The UNDP country programme for the fifth cycle provides continuity for the Government-designed programme and will help to consolidate the reform process begun by the 1990-1994 administration.

2. Strategy for UNDP cooperation

29. The proposed fifth country programme for the Dominican Republic will provide continuity for current activities and help to reinforce the reforms initiated by the Government during the previous cycle. Accordingly, the emphasis will be first on the implementation and enforcement of the reforms instituted in 1990, to be followed by a consolidation phase towards the mid-point of the fifth cycle. The cooperation strategy will rest on three main foundations.

(a) UNDP assistance in the preparation, follow-up, evaluation and realization of a strategic medium- and long-term development programme. UNDP has nurtured this process by furnishing basic studies and becoming involved in implementing action designed to achieve the proposed objectives. The sustained level of dialogue it maintains with the government authorities enables it to keep pace with policy changes and to respond quickly to government requests.

(b) Since the resources required to implement the programme exceed UNDP financial capacity, greater emphasis should be placed on resource mobilization in the fifth country programme. Moreover, UNDP will be concentrating on helping the Government to coordinate the external aid relating to the country programme, will work closely with it in programme execution and administration and provide critical inputs. Its strong relationship with the cooperation partners and the different Government and civilian sectors will go far to coordinate efforts.

(c) During the phase beginning in 1992, the country will focus on the management and institutionalization of the reforms, with UNDP providing technology, information systems and organizational and training methods aimed at consolidating the process and ensuring its sustainability later in the cycle.

30. The relevance of the problems tackled during execution of the fourth country programme and the effectiveness of UNDP cooperation were largely attributable to a series of characteristics, including (a) UNDP's policy and sectoral neutrality, which opened up fresh channels for interchange and consultation among the various participants; (b) the capacity to adapt to policy situations and react to immediate, strategically related needs; (c) the utilization of national capacity through the increasing participation of national advisers and technical staff; (d) the professionalism and international reputation of the consultants placed under contract; and (e) the capacity to administer the resources provided by other cooperation sources.

Those factors will be retained in the proposed programme and the structure of coordination with the other agencies of the United Nations system will be strengthened, especially in areas of human development.

3. Proposed UNDP cooperation in selected areas of concentration

31. As suggested in the Governing Council's decision 90/34, the UNDP country programme for the fifth cycle is made up of four strategic areas of concentration or interrelated subprogrammes. It puts together initiatives that will have immediate impact on current socio-economic problems and will be complemented by Government action with medium- and long-term repercussions. With that combination of short-term goals and its longer-term design, the programme can be adapted to all contingencies and policy changes likely to occur during the five-year period.

32. The four programmes aimed at achieving the Government's strategic development objectives are (a) implementation of economic reforms; (b) restructuring of growth-oriented sectors; (c) human development and management of social sectors; and (d) management of environmental strategy.

Implementation of economic reforms

33. National objectives. Before substantial policy reforms can be introduced in strategic areas of socio-economic activity, the country's institutional structure must be adapted for that purpose inasmuch as the existing legal, procedural and administrative support services have not been responsive to the demands generated by changes in the economy. In any event, a significant improvement in the management capacity of the public sector to administer such reforms is as important as the reforms themselves. The national objective is to improve the management of the public sector in key areas and consolidate the economic, institutional and administrative reforms already in progress.

34. UNDP cooperation. The following actions will complement the Government's efforts:

(a) Management of foreign trade. Given the import requirements of the development process and previous commitments, the promotion of non-traditional exports seems to be the most viable way to meet the medium- and long-term foreign exchange needs. To that end, UNDP will design and execute an export strategy involving three interrelated policies: (i) opening the economy to international competition and fostering efficient and dynamic growth-oriented activities by consolidating tariff reform and suspending non-tariff barriers; (ii) strengthening customs and port operations by simplifying procedures and computerizing and streamlining the shipment of goods; (iii) active export promotion policies that effectively support and reinforce the integration of the Dominican production system in the world economy. In that connection, it is important to ensure that the UNDP-assisted progress made thus far (tariff reform and streamlining of customs procedures) is extended and consolidated.

(b) Tax reform in conjunction with a simplified and efficient tax administration. The tax system should be guided by concern for equity and the need to generate the resources required by the public sector to finance the development process. The tax reform proposals cover (i) taxes on the income of individuals and corporations; (ii) direct taxes (value added and sales); and (iii) property and capital gains taxes. UNDP has collaborated with the Government in implementing those reforms and they are now before the Congress for approval. It will continue to provide technical support in implementing and administering them. To that end, it will help to establish new procedures for tax collection and a linkage between the information and economic intelligence systems of the different public sector institutions (Central Bank, Department of Finance and its branches and the Technical Secretariat of the Office of the President and its subsidiary units).

(c) Management of the budget system aimed at modernizing current procedures. The intention is to improve the quality and quantity of available data and the methods of analysis used at the various stages of the budgeting process so that budget policy becomes an efficient tool for the rational allocation and administration of public revenue and expenditure (particularly social expenditure), while at the same time maintaining the country's public finances on a sound footing.

(d) Financial reform aimed at stimulating private savings and their investment for productive purposes. This will require a substantial restructuring of the banking system and the whole financial system in accordance with the guidelines described above.

(e) Management of direct foreign investment and technology flows through institutional support mechanisms seeking the dual objective of using external factors efficiently and safeguarding the interests of the economy and its growth potential. UNDP will continue to provide advisory services in completing the draft legislation on foreign investments.

35. The impact of those measures will be assessed on two levels. On the public management level, quantitative indicators will be measured for each cooperation area: level of data, delays in procedures and taxpayer facilities, rates of tax collection and tax burden, allocation and utilization of resources, rerouting of public expenditure and supervision of banking operations. Capacity-building for human resource development has been started and is continuing at the managerial level especially in the government services involved in the implementation of those measures and is expected to advance the institutionalization of the public administration. The impact on national development can be further assessed on the basis of the continuing economic stability attained, the confidence shown by the productive sectors in the modernization process and the more cost-effective allocation of resources. Thirty per cent of IPF resources is being allocated to cover those areas.

36. Complementary cooperation. The Government has entered into negotiation with the World Bank and IDB for a loan of approximately $200 million to support those reforms and has made a firm commitment to cost-sharing of its budget (in the course of execution, costs will certainly go higher) of the order of $3 million. The Management Development Programme (MDP) has contributed $0.5 million and further contributions are expected during the execution period, if available funds permit.

Restructuring of growth-oriented sectors

37. National objectives. A vigorous effort must be made to reactivate the industrial and agricultural sectors and revitalize the productive structures in the interest of greater efficiency and competitiveness on the world market. Those reorientation policies should be based on consultation, cooperation and coordination between the public and private sectors. More stable macroeconomic and institutional conditions produced by economic reforms and the initiatives taken to transform the productive sectors will lend buoyancy to the economy and result in sustainable economic growth with equity.

38. UNDP cooperation is focused on the following areas:

(a) Restructuring policies. Within that framework, UNDP will continue to cooperate with the Government in formulating sectoral strategies (mainly industrial and agricultural) and in the implementation and follow-up. Those policies are specifically geared to implanting in the private sector (employers and workers) new ways of organizing the production process, maximizing labour as a resource and stressing capacity-building to enhance productivity; to providing incentives for new forms of collaboration among entrepreneurs aimed at improving technological management and private sector relations with productive sector support institutions; and to generate higher value added and mobilize financial resources.

(b) Selective measures in the manufacturing sector designed to promote efficiency and economic growth commensurate with the resources of the country, where they are (geographically), their potential in the light of increasing international specialization and the fact that the Dominican Republic is a relatively small and open market economy. In the initial phase, UNDP will cooperate by (i) providing technical assistance, on an experimental basis, to a small number of industries covered in the restructuring programme (see para. 23) in order to foster competitive specialization; (ii) formulating a loan agreement to be financed by the development banks; (iii) assisting the Government, employer and worker associations and other institutions in organizing and implementing technical assistance and advisory services, technology applications and management and labour capacity-building; (iv) assisting in the institutional strengthening of public sector support services with a view to export promotion, improving product quality, training human resources and controlling environmental pollution; and (v) providing technical assistance for the restructuring of the Dominican Corporation of State Enterprises (CORDE), including forms of privatization.

(c) Selective measures in the agricultural sector. The eastern region dairy development project will be continued (see para. 22) and additional agricultural extension services will be arranged in the course of the cycle in accordance with the agricultural policy lines developed in 1992.

39. The impact of the programme will be measured by the changes in the productivity of the enterprises involved in the restructuring programme and their contribution to the sectoral GDP, by the increase and diversification of exports and by the financial and technical assistance resources mobilized. UNDP will allocate 28 per cent of its IPF for government and private sector institutional reorganization and follow-up and evaluation of the restructuring programme.

40. Complementary assistance. In addition to UNDP resources, cost-sharing funds will be provided by the entrepreneurial sector and the Government. It was agreed to formulate a "bridge" IDB technical assistance project amounting to $5 million to initiate activities pending formulation and approval of the industrial restructuring investment project amounting to almost $80 million. The United States Agency for International Development (USAID) is financing ($5.0 million) a project of growth-oriented linkages with industrial free areas to complement UNDP activities. EEC has also incorporated industrial restructuring and assistance to the agricultural sector in its indicative plan. The Food and Agriculture Organization of the United Nations (FAO) has identified five priority areas of technical assistance: (i) agricultural planning; (ii) irrigation and drainage; (iii) seed technology; (iv) forestry development; and (v) animal development, amounting to $9.4 million.

Human development and social sector management

41. National objectives. The economic stagnation and the fiscal crisis of the 1980s resulted in the impoverishment of the population and a reduction in budgetary allocations for the social sector with the ensuing deterioration in public services, chiefly education and health. Consequently, the Government's social programmes for the next five-year period will have to be carried out in a climate of severe financial restrictions and their expansion will depend primarily on the more efficient use of public and extrabudgetary funds. The Government's short-term goal is therefore to protect the most vulnerable population groups in the context of a longer-term strategy that will bring human development objectives into line with available resources.

42. UNDP cooperation will operate on three strategic fronts directly or indirectly related to other technical assistance areas of concentration for the fifth cycle.

(a) Formulation of a human development programme. In coordination with the agencies of the United Nations system and based on acquired experience, UNDP will cooperate with the Government in formulating policies designed to reduce social disparities and ensure that economic growth will be compatible with human development. The strategy will derive from an analysis of changes in the variables that go into the Human Development Index (HDI). The second

phase will consist of initiatives aimed at (i) generating more revenue among the poor and supporting informal sector enterprises; (ii) improving the quality and scope of services; (iii) rationalizing social expenditure to improve the effectiveness and efficiency of services and to mobilize external resources; (iv) modernizing and democratizing social services, enhancing the effectiveness of institutions, coordinating their activities and promoting community participation; (v) strengthening the social information system; and (vi) creating analytical models for revitalizing policy- and decision-making.

(b) Social Compensation Fund. Completion of the Fund's operational machinery and the $30 million IDB funding project with which it started. Since the purpose of the Fund is to offset the costs of the structural adjustment, it is only temporary. In collaboration with financial institutions and by agreement with non-governmental organizations (NGOs), churches and grass-roots organizations, the projects to be funded are intended: (i) to establish and strengthen growth-oriented marketing and service enterprises; (ii) to involve women heads of household in productive activities; (iii) to implement integrated maternal and child health, education and care programmes; (iv) to provide primary care services in health and education; (v) to improve housing conditions and preserve the environment; and (vi) to organize and develop community participation.

(c) Development of primary education. UNDP will continue to participate in the implementation of the Ten-Year Education Plan and to cooperate in managing the projects financed by the World Bank and IDB. The principal objectives are (i) to improve the coverage and quality of education services. For that purpose, 10,000 teachers will be trained; a school supervision system will be introduced; routine procedures for school maintenance will be set up; the school lunch programme that feeds 80,000 children in the rural areas and 100,000 in marginal urban areas will be expanded and diversified. (ii) To improve the management of primary education. A management information system will be established; studies will be made to assess the factors that affect pupil behaviour and to evaluate teaching through achievement tests; community participation will be strengthened and educational materials and textbooks will be produced. (iii) To propose a new education law, and (iv) to mobilize additional international aid and develop plans for converting the education debt.

43. The impact of those activities will be measured by the effectiveness of the social programme as reflected in advances in the HDI, the increase in the proportion of budgetary funds allocated to the various areas of intervention, the capacity to mobilize external resources and the qualitative and quantitative indicators of the primary education system. The percentage IPF allocated to those activities amounts to 30 per cent of total resources, to which must be added the shared costs of the projects funded by the World Bank and IDB and other bilateral and multilateral sources.

44. Complementary assistance. IDB has committed approximately $30.0 million for the operation of the Social Compensation Fund and approved $29.3 million for the primary education project. In addition, the $17.0 million

($15.0 million in loans and 2 million in matching funds) of the primary education project approved by the World Bank will be executed as cost-sharing through UNDP. UNFPA is engaged in a programme of maternal and child health, reproductive and sexually-transmitted diseases and AIDS that complements those activities. WFP has committed funds to launch the Social Compensation Fund and has begun preparation of a broad social development programme. UNICEF and the Pan American Health Organization/World Health Organization (PAHO/WHO) have been cooperating with the Government in the development and implementation of activities under the World Summit on Children agreements and other initiatives. EEC has incorporated a number of activities complementing the primary education and social development programmes in its indicative plan.

Management of environmental strategy

45. National objectives. Ecological conditions are closely linked with the development process both from the point of view of the conservation of the environment and its deterioration. Tourism depends on maintaining the quality of the environment; water resources and climate directly affect agriculture, agro-industry and forests. It has been estimated that a wooded area of over 550,000 hectares will have to be reforested, requiring an investment of about $130.0 million. Mining, particularly of ferrous nickel and gold (sulphur mining) are potential sources of pollution and environmental damage that have to be watched. Agricultural pollutants produced by agro-chemicals affect important export categories and the health of the population. Coastal and marine flora and fauna are also affected by industrial pollution and other economic activities. Finally, the deterioration of the urban environment also requires priority attention.

46. UNDP cooperation in so complex an area is limited by a shortage of funds. Consequently, it has a threefold role in the country programme: (a) to cooperate in the UNDP-assisted government strategy for the United Nations Conference on Environment and Development (UNCED); (b) to mobilize international assistance for the projects envisaged; and (c) to incorporate the environment variable in the other three subprogrammes proposed in this document.

47. Special attention in environmental strategy will be given to:

(a) Preservation of forestry resources. As a continuation of the forestry plan of action prepared with UNDP/FAO cooperation, cooperation will continue in executing that plan and in mobilizing the required funds (particularly through external debt reduction measures) with a view to intensifying basin reforestation and creating conditions for commercial forestation and national park management.

(b) Effects of social and economic development on the environment. The design of sectoral policies that will combine modernization with economic and social progress and at the same time preserve the environment by (i) incorporating safeguards against pollution in industrial development policies, and providing incentives for relocating highly-polluting industries

now situated in urban centres; (ii) planned housing for poor urban and rural communities; (iii) special programmes to protect rivers from contamination generated by mining and industrial and rural development; (iv) preventing contamination by agro-chemicals; and (v) protecting beaches and coastal flora and fauna.

48. The impact of UNDP assistance will be measured through the implementation of the other subprogrammes, which should explicitly identify the indicators to be used in evaluating environmental impact and the resources mobilized to deal with the main ecological problems. IPF resources allocated to this area amount to 10 per cent of the total.

49. Complementary cooperation. The Sierra Plan, financed by Germany, other cooperating countries and multilateral bodies like WFP, is one of the most important paradigms of integrated regional development and reforestation in the Dominican Republic. The German International Development Agency (GTZ) is also funding a dry forest integrated development project and executing a use and management project for Haitises National Park. With UNDP cooperation, the Government has submitted three projects to the Global Environment Facility (GEF). The first goes under the name "Conservation and management of bio-diversity in the coastal area", the second "Regional centre for the conservation of bio-diversity in the Caribbean Basin", and the third, "Bio-diversity and management of environmental conservation".

C. Cooperation outside the selected areas of concentration

50. Some programme support activities will be retained in order to meet specific current needs and continue cooperating with the Government on the very relevant question of the negotiation of international contracts. A survey of cooperation needs using the National Technical Cooperation Assessment and Programmes (NATCAP) methodology will be made from non-IPF resources and the project to introduce "Sea Island cotton" will continue with funds from the Japanese International Development Organization (JAIDO). Lastly, the cooperation of the United Nations International Drug Control Programme (UNDCP) will continue.

D. Implementation and management arrangements

51. The functions of coordination, follow-up and evaluation of the UNDP country programme will be the joint responsibility of the offices of the UNDP Resident Representative in the Dominican Republic and the Technical Secretary of the Office of the President in his capacity as coordinator of international cooperation responsible for the formulation and evaluation of national plans and programmes and the preparation of the public investment budget.

52. The mid-term review of this country programme is scheduled for 1994, the year of the general elections. Therefore changes may be made in this document at that time.

53. In conformity with UNDP policies and on the basis of the experience of the fourth cycle, the fifth country programme is expected to be implemented largely by national personnel, thus strengthening and consolidating national capacities for programme execution and ensuring a high degree of commitment by consultants to national objectives.

54. In order to maximize its impact, the fifth country programme is based on UNDP-assisted interrelated programmes, funds administered by UNDP provided by the agencies of the United Nations system and other technical cooperation and bilateral and multilateral financial sources. The formulation of the subprogrammes will begin at the start of the fifth cycle and will comprise the projects now being financed by UNDP and other sources in the proposed topic-oriented areas.

55. The Secretary of State responsible for each thematic area will be in charge of managing each programme and will have a directing council made up of representatives of the public and private (as the case may be) institutions involved in the subprogramme. UNDP will fund a manager for each subprogramme in order to ensure effective coordination of the various activities and a committee of cooperators will be formed composed of representatives of cooperation sources related to the respective subprogramme. The agencies of the United Nations system will collaborate in the implementation of very technically specialized components and will help to evaluate the subprogrammes. The impact evaluation mechanisms will be established by the directing councils.

56. In implementing the fifth cycle, technical cooperation among developing countries (TCDC) will be used, particularly with the countries of Latin America and the Caribbean. Regional integration efforts will be stepped up and the other mechanisms administered by the United Nations to provide human resources for development, especially the United Nations Volunteers (UNV) and the United Nations International Short-Term Advisory Resources (UNISTAR) will be drawn upon. Similarly, closer links will be forged with the global programme and particularly the regional programme, in order to complement the country's development efforts. Lastly, the collaboration of entities such as the United Nations Research and Training Institute for the Advancement of Women (INSTRAW) and grass-roots organizations will be sought to ensure the participation of women in the development process.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth cycle IPF	(2 298)	
Fifth cycle IPF	15 598	
Subtotal IPF		13 300
Project cost-sharing (Government)	33 056	
Project cost-sharing (Third Party)	3 000	
Programme cost-sharing	-	
Subtotal cost-sharing		36 056
TOTAL		49 356

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	IPF	Cost-sharing	Total	Percentage of total resources
Implementation of economic reforms	3 600	4 000	7 600	15
Restructuring of productive sectors	3 352	5 806	9 158	19
Human development and social sector management	3 590	25 750	29 340	59
Management of environmental strategy	1 428	500	1 928	4
Subtotal	11 970	36 056	48 026	97
Unprogrammed reserve	1 330	-	1 330	3
TOTAL	13 300	36 056	49 356	100

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds	
Special Programme Funds	1 603*
UNIFEM	500
Subtotal	2 103
B. Other United Nations resources	
Joint Consultative Group on Policy (JCGP) participating agencies:	
UNFPA	4 500
UNICEF	5 000
WFP	8 200
IFAD	8 000
Non-UNDP-financed United Nations agencies	7 000
Global Environment Facility	5 000
Subtotal	37 700
Total non-core and other United Nations resources	39 803
C. Non-United Nations resources	-
TOTAL	39 803

* Includes only specific commitments from the Special Programme Funds.

Annex II

PROGRAMME MATRIX

	Area of concentration	Area of focus*					
		Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I.	IMPLEMENTATION OF ECONOMIC REFORMS						
	Management of foreign trade			*	*	*	
	Tax reform			*		*	
	Budget management	*		*			
	Financial reform			*		*	
	Management of direct foreign investment			*		*	
	Social sector management	*	*	*			*
II.	RESTRUCTURING OF PRODUCTIVE SERVICES						
	Restructuring policies		*	*	*	*	
	Activities in the manufacturing sector		*	*		*	*
	Activities in the agricultural sector		*	*		*	*
III.	HUMAN DEVELOPMENT OF THE SOCIAL SECTORS						
	Formulation of a human development programme	*	*	*		*	*
	Social Compensation Fund	*	*	*	*	*	*
	Primary education development	*	*	*	*	*	*
IV.	MANAGEMENT OF ENVIRONMENTAL STRATEGY						
	Preservation of forestry resources	*	*	*	*	*	*
	Implications for the environment of social and economic development	*	*	*	*	*	

* Asterisks indicate major linkage only.